



Senate

General Assembly

File No. 718

January Session, 2005

Substitute Senate Bill No. 1359

Senate, May 5, 2005

The Committee on Finance, Revenue and Bonding reported through SEN. DAILY of the 33rd Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING DONATION OF LAND FOR PUBLIC USE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-217ff of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2005, and*
3 *applicable to income years commencing on or after January 1, 2005*):

4 (a) For purposes of this section, "donation of land for [educational]
5 public use" means the value of any land or interest in land conveyed
6 without financial consideration, or the value of any discount of the sale
7 price in any sale of land or interest in land, to any municipality or
8 political subdivision of the state for any public purpose, including, but
9 not limited to, educational use, as defined in section 16-43b, public
10 safety-related use, or municipal recreational use.

11 (b) There shall be allowed a credit for all taxpayers against the tax
12 imposed under section 12-217, in an amount equal to fifty per cent of
13 any donation of land for [educational use] public use. The chief elected

14 official of the municipality, or of the municipality wherein the political
 15 subdivision is located shall approve such donation and the purpose for
 16 which such donation shall be used. For purposes of calculating the
 17 credit under this section the amount of donation shall be based on the
 18 difference between the use value of the donated land and the amount
 19 received for such land. For the purposes of this subsection, "use value"
 20 means a fair market value of land at its highest and best use, as
 21 determined by a certified real estate appraiser.

22 (c) A credit that is allowed under this section, with respect to any
 23 taxable year commencing on or after January 1, 2004, but is not used by
 24 a taxpayer may be carried forward to each of the successive income
 25 years until such credit is fully taken. In no case shall a credit that is not
 26 used be carried forward for a period of more than fifteen years.

27 Sec. 2. Section 16-43c of the general statutes is repealed and the
 28 following is substituted in lieu thereof (*Effective October 1, 2005*):

29 Notwithstanding the provisions of this chapter or section 12-217dd,
 30 any class III land acquired from a water company, as defined in section
 31 16-1, by a municipal corporation for [the purposes of construction of a
 32 school and related facilities in a town with a population between
 33 11,600 and 11,900, as enumerated by the 2000 federal decennial census]
 34 public use in any municipality, shall be treated as open space for
 35 purposes of establishing the right to acquire, ratemaking and taxes. For
 36 purposes of this section, "public use" includes, but is not limited to,
 37 educational use, as defined in section 16-43b, public safety-related use
 38 or municipal recreational use.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2005, and applicable to income years commencing on or after January 1, 2005</i>	12-217ff
Sec. 2	<i>October 1, 2005</i>	16-43c

FIN *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Department of Revenue Services	GF - Revenue Loss	None	Potential

Note: GF=General Fund

Municipal Impact: None

Explanation

To the extent that expanding the credit program's eligibility criteria results in a greater amount of credits claimed, then the General Fund will experience a revenue loss beginning in FY 07.

The table below presents the history of the Donation of Open Space Land Credit Program.

Income Year	Number of Credits	Amount of Credit Claimed
1999	3	\$86,033
2000	9	665,663
2001	4	557,257

OLR Bill Analysis

sSB 1359

AN ACT CONCERNING DONATION OF LAND FOR PUBLIC USE**SUMMARY:**

This bill expands (1) a corporation tax credit for donating land to a municipality for educational use to cover other public uses and (2) corporation tax credits and other favorable treatment for water company land acquired by a municipality for public use.

EFFECTIVE DATE: July 1, 2005 and applicable to income years starting on or after January 1, 2005 for the changes in the land donation credit. October 1, 2005 for the provisions regarding water company land.

LAND DONATION TAX CREDIT

The bill expands an existing corporation tax credit for donating land to a municipality or other political subdivision of the state for educational use to also cover land donated for any public purpose including public safety or recreation. It requires the municipality's chief elected official to approve the donation and its purpose. The credit is 50% of the difference between the value of the donated land at its highest and best use and the amount, if any, the donor receives for it.

WATER COMPANY LAND

Current law requires that land a municipality with a 2000 population of between 11,600 and 11,900 acquires from a private water company in order to build a school be treated as though it were open space for certain purposes. The current law applies to a single municipality. This bill (1) expands the law to cover all municipalities, (2) allows the land to be acquired for any public use, not just for a school; and (3) limits the type of land covered to Class III (generally non-watershed) land. It defines "public use" to include public safety or municipal recreational uses.

The bill (1) makes the water company involved eligible for a corporation tax credit of 50% of the value of donated land or of any discount it gave on land it sold to the municipality and (2) entitles the company's shareholders to up to 100% of the benefits of any sale. Ordinarily, if water company land is sold for purposes other than recreation or open space, the law requires the Department of Public Utility Control to allocate the sale proceeds equitably between the company's shareholders and ratepayers.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable Substitute

Yea 46 Nay 0